

## Chapter 2: Membership

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### Chapter Overview

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This chapter provides information about membership in one of the Washington State retirement systems. Refer to this chapter for:

- General information about membership
- Eligibility rules for membership in the retirement systems you report. Your handbook includes information for:
  - the Public Employees' Retirement System (PERS)
  - the School Employees' Retirement System (SERS)
  - the Teachers' Retirement System (TRS)
  - the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)
  - the Washington State Patrol Retirement System (WSPRS)
  - the Judicial Retirement System (JRS)
- Cross references to relevant statutes (RCW) and rules (WAC)

The Revised Code of Washington (RCW) and the Washington Administrative Code (WAC) may be available to you through your legal advisor. A copy of the first fifty pages of a specific RCW or WAC can be ordered directly from the Office of the Code Reviser at no cost. For RCWs, call (360) 786-6777; for WACs, call (360) 786-6686. The RCWs and WACs may also be found at <http://leg.wa.gov/rcw>.

Refer to Chapter 6 for instructions on how to calculate and transmit employee and employer contributions.

Refer to Chapters 7 and 8 for information on how to report eligible employees.

See Chapter 12 for a sample of the Enrollment Form and instructions on how to complete it.

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## Membership and the Employee

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Once an employee establishes membership in a retirement system, the employee begins to build a future retirement benefit. This benefit is funded by contributions—made by the employee, the employer, and with some systems, the state—and the investment earnings from these contributions. Except for Plan 3 member contributions, WSIB invests retirement contributions. When a member retires, money from this investment fund is used to pay the retired member a defined monthly benefit. The number of years of service credit the member has earned and the amount of the member's highest average compensation during employment determine the amount of the service retirement benefit to which a member is entitled.

Plan 3 is composed of two retirement benefit components. The defined contribution component is member financed and the defined benefit component is employer financed. Members can choose between two investment programs: the Washington State Investment Board (WSIB) Investment Program or the Self-Directed Investment Program.

Member benefits are explained in member handbooks published by DRS. Member handbooks are available for PERS, SERS, TRS, LEOFF, WSPRS and JRS members. Each member of a retirement system should be given a copy of the appropriate handbook to help the member understand retirement rights and benefits. If you need copies of these handbooks, please contact DRS Office Services.

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## Membership and the Employer

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Employers play a vital role in helping DRS provide retirement services to members. An employer's responsibilities include:

- making the initial determination of an employee's eligibility for membership;
- enrolling each employee who is eligible for membership;
- reporting information to DRS each month about each member;
- informing DRS when a Washington State retirement system retiree is hired;
- transmitting required employer and employee contributions to DRS each month for each member;

- maintaining documentation to support eligibility determinations; and
- periodically reviewing determinations to ensure they remain accurate.

### **Steps in Evaluating Membership**

The following summarizes the steps to consider when evaluating an employee's eligibility for membership. This summary does not attempt to give details about membership rules for each system. Please refer to the appropriate sections later in this chapter for those details.

#### **Step 1     Ask each new employee if he or she is a retired member of a Washington State retirement system.**

A retiree's benefits may be affected by returning to work. RCW 41.50.139 (formerly in RCW 41.50.130) requires employers to ask all new employees if they are retirees of any Washington State retirement system. When employers hire a retiree they must use the "Transmittal Report" to inform DRS of this occurrence. If this report is not used, the employer is liable for any pension overpayments.

**Note:** Please refer to the section in Chapter 5 called "Employing Retirees" for details about reporting and membership requirements for retirees.

#### **Step 2     Ask each new employee if he or she has ever been a member of a Washington State retirement system.**

If an employee has ever established membership in PERS, SERS, TRS, LEOFF, WSPRS or JRS, you may need to use different criteria when evaluating his or her current eligibility for membership. There are a number of ways DRS can help employers determine if an employee has previous membership in a retirement system. The employer can:

- Use Member Status Verification—an Internet application. Call ESS to sign up for this service.
- contact ESS and request a file (either by tape or cartridge) with the member, system, plan (MSP) and status (active or retired) information; or
- call, write or Fax ESS, PERS/ SERS, TRS, LEOFF, WSPRS or JRS Retirement Services to ask if an employee has previously established membership.

**Step 3 Evaluate the employee's eligibility for membership under the rules that apply for the appropriate system and plan.**

Your handbook contains information on membership rules for each system in which you have members. Please read the information carefully so you can make the proper determination of the employee's eligibility for membership.

If you determine that an employee is not eligible for membership in a retirement system, document your determination and then stop with this step. If you determine that an employee is eligible for membership, complete the remaining steps.

**Step 4 Determine whether the employee needs to complete an Enrollment Form.**

Not all employees need to complete a new form; see DRS Notice 02-006.

**Who must complete an Enrollment Form:**

- A new employee hired into a LEOFF or WSPRS eligible position
- An employee who has been elected or Governor appointed to office and elects to participate in a Washington State retirement system
- An employee who is a city manager or chief administrative officer of a county, port district or public utility district, who serves at the pleasure of an appointing authority.

Chapter 12 provides instructions on how to complete the Enrollment Form. Before you send the form to DRS, make sure both the employee and employer portions are completed correctly. If a form has not been completed correctly, it will be sent back to you for correction.

**Step 5      Report the employee on the monthly transmittal report and make payment of contributions due.**

All eligible employees must be reported to DRS each month on the monthly transmittal report. The first time you report an eligible employee, be sure to report a begin date, gender code, address and birth date. If you are completing the first transmittal for a PERS Plan 2, SERS Plan 2 or TRS Plan 2 member transferring to Plan 3, you must report the transfer date, and the member selected investment program and rate option. Refer to Chapter 8 for instructions on how to accomplish your monthly reporting.

In addition to adding the employee to your monthly transmittal report, include payment of all contributions due with your regular monthly contribution payment to DRS. Refer to Chapter 6 for details about how to calculate and pay retirement contributions that are due.

